

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 PA-03 PRS-01 USIA-15 AID-20 EB-11

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 766

INFO U S DEPT OF AGRICULTURE

AMEMBASSY LIMA

UNCLAS LA PAZ 5214

E.O. 11652: N/A

TAGS: EAGR, EAID, EFIN, BL

SUBJ: "QUINUA" TO BE PURCHASED AS WHEAT SUBSTITUTE

REF: A.) LA PAZ 3208; B.) STATE 110746; C.) LA PAZ 3649

1. THE LA PAZ NEWSPAPER PRESENCIA OF AUG .18 REPORTED THAT THE GOB, BY SUPREME DECREE, HAS AUTHORIZED THE NATIONAL WHEAT INSTITUTE TO USE \$B. 3 MILLION TO PURCHASE QUINUA (CHENOPODIUM QUINOA), A CEREAL/ INDIGENOUS TO THE ALTIPLANO AREAS OF BOLIVIA, PERU AND ECUADOR, BOLIVIAN QUINUA PURCHASED BY THE INSTITUTE WILL BE DELIVERED TO LOCAL MILLERS FOR PREPARATION OF A FLOUR OF 95 PARTS WHEAT AND 5 PARTS QUINUA. THE FLOUR WILL THEN BE SOLD TO LOCAL BAKERS TO MAKE BREAD.

2. THE FOLLOWING ADDITIONAL DETAILS WERE REPORTED BY PRESENCIA OF AUG .22: THE \$B. 3 MILLION ARE PART OF THE \$B. 16.5 MILLION LOANED TO THE WHEAT INSTITUTE BY THE BANCO CENTRAL FOR THE NATIONAL WHEAT PRICE SUPPORT PROGRAM (SEE REFTELS). THE INSTITUTE AND LOCAL MILLERS HAVE AGREED TO PAY PRODUCERS \$B .70 PER HUNDREDWEIGHT DELIVERED IN LA PAZ. THE PRICE TO BE PAID FOR QUINUA ACQUIRED IN OTHER AREAS OF BOLIVIA WAS NOT FIXED.

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3. IN CONVERSATIONS WITH THE EMBASSY, INSTITUTE OFFICIALS ESTIMATED THAT BOLIVIA'S MARKETABLE 1973 QUINUA PRODUCTION WILL BE ABOUT 3,500 METRIC TONS, OF WHICH SOME 1,500 MT ARE EXPECTED TO BE EXPORTED TO PERU. SAME OFFICIALS SAY THE INSTITUTE HOPES TO BUY QUINUA FROM FARMERS IN THE ORURO-POTOSI AREA AT \$B .60 PER HUNDREDWEIGHT AND ESTIMATE THAT THE DELIVERED COST IN LA PAZ OF QUINUA FROM THAT AREA WILL BE ABOUT \$B. 70 PER HUNDREDWEIGHT. THROUGH SALES TO MILLERS, THE INSTITUTE WILL, IN EFFECT, ESTABLISH A REVOLVING FUND FOR FUTURE OPERATIONS.

4. MINISTRY OF AGRICULTURE OFFICIALS TELL EMBASSY THAT TEST BREAD, USING 5 PERCENT QUINUA FLOUR, DOES NOT BEAR THE TASTE OF QUINUA. THE SAME OFFICIALS, HOWEVER, RECOGNIZE THAT THE SUCCESS OF THIS PROGRAM DEPENDS UPON CONSUMER ACCEPTANCE OF THE BREAD PRODUCED, AND ARE CONSIDERING THE POSSIBILITY THAT QUINUA BREAD BE SOLD AT A LOWER PRICE THAN BREAD MADE FROM 100 PERCENT WHEAT FLOUR.

5. COMMENT: THE WHEAT INSTITUTE HAS BEEN THE DEVELOPMENT AGENT FOR THE DOMESTIC PRODUCTION OF WHEAT. WITH THE NEW DECREE, IT NOW ASSUMES THE SAME ROLE FOR QUINUA. MINAG OFFICIALS (WITH SOME OPTIMISM WE BELIEVE) ESTIMATE THAT BOLIVIA'S MARKETABLE PRODUCTION OF QUINUA CAN BE BROUGHT TO 20,000 MT PER YEAR, GIVEN SUFFICIENT MARKET INCENTIVE.

6 THE POSSIBILITY OF MIXING OTHER GRAINS WITH WHEAT TO MAKE FLOUR WAS MENTIONED IN REF C. WE VIEW THIS MEASURE, OVERALL, AS AN ENCOURAGINGLY INNOVATIVE INSTRUMENT CONDUCIVE TO THE ACHIEVEMENT OF THREE GOALS:

A. STABILIZATION OF BREAD PRICES, POLITICALLY SO IMPORTANT:

B. INCREASE OF BOLIVIA'S GLOBAL CAPACITY TO MAKE ITS OWN BREAD, WHICH SHOULD MEAN REDUCTION OF COMMERCIAL AND/OR PL 480 IMPORTS; AND

C. DIMINISHMENT OF FISCAL DEFICIT PRESSURES, A SIGNIFICANT PORTION OF WHICH COME FROM THE ONGOING FLOUR SUBSIDY, PAID

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FOR HIGHER COST IMPORTED WHEAT.

7. WHILE THE USE OF COUNTERPART FUNDS TO PURCHASE QUINUA COMES AS A SURPRISE TO US, WE CONSIDER IT AN ELIGIBLE USE FOR THE PROMOTION OF BOLIVIAN GRAIN PRODUCTION UNDER THE SELF-HELP PROVISIONS OF THE DECEMBER 1972 AGREEMENT.
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